

WARRIHOOD DISTRICT NO. 1 OF
 CALCASIEU PARISH, LOUISIANA

Exhibit B
 (Cont'd)

Statement of Cash Flows
 Year Ended July 31, 1996

Reconciliation of Operating Income to Net Cash
 Provided by Operating Activities

Operating income	\$ <u>11,411</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation expense	\$ 67,796
Changes in Assets and Liabilities:	
Decrease in accounts receivable	3,393
(Increase) in prepaid insurance	(300)
Increase in accounts payable	1,600
(Decrease) in accrued interest payable	(600)
Increase in taxes payable	34
Increase in customers' deposits	<u>1,782</u>
Total adjustments	\$ <u>72,696</u>
Net cash provided by operating activities	\$ <u>84,107</u>

See accompanying notes to financial statements.

WATERWORKS DISTRICT NO. 1 OF
 CALDO PARISH, LOUISIANA

Exhibit A
 (cont'd)

Statement of Revenues, Expenses and Changes in
 Retained Earnings - Budget and Actual
 Year Ended July 31, 1996
 With Comparative Amounts as of July 31, 1995

	1996		Variance- Favorable (Unfavorable)	1995
	Budget	Actual		Actual
Nonoperating Revenues (Expenses):				
Ad valorem taxes	\$ 11,500	\$ 12,201	\$ 701	\$ 11,845
Grant Revenue	0	0	0	0
Revenue sharing	651	660	14	651
Interest Income	3,500	5,966	2,466	4,729
Gain on equipment	0	8,150	8,150	888
Interest expense	(4,850)	(3,828)	(1,022)	(4,853)
Total nonoperating revenues (expenses)	\$ 10,201	\$ 23,056	\$ 12,855	\$ 12,674
Net Income (loss)	\$ 16,874	\$ 10,245	\$ 6,629	\$ 36,520
Retained earnings at beginning of year	<u>527,161</u>	<u>527,161</u>		<u>498,641</u>
Retained earnings at end of year	\$ 544,035	\$ 537,406		\$ 537,181

WATERWORKS DISTRICT NO. 1 OF
GRAND PARISH, LOUISIANA

Exhibit 3

Statement of Cash Flows
Year Ended July 31, 1994

Cash Flows from Operating Activities:	
Cash received from customers	\$ 213,895
Cash paid to suppliers for goods and services	(111,878)
Cash payments to employees for services	(77,878)
Other operating revenues	<u> 28,532</u>
Net cash provided by operating activities	<u> 58,475</u>
Cash Flows from Noncapital Financing Activities:	
Ad valorem taxes received	12,201
Sale of Equipment	8,150
Revenue sharing	<u> 650</u>
Net cash provided by noncapital financing activities	<u> 21,001</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(18,109)
Notes payable - Premier Bank	(36,800)
Interest paid on debt	<u>(2,436)</u>
Net cash used for capital and related financing activities	<u>(57,345)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u> 5,986</u>
Net cash provided by investing activities	<u> 5,986</u>
Net increase in cash	\$ 31,922
Cash at beginning of year (including \$131,974 in restricted accounts)	<u>187,223</u>
Cash at end of year (including \$166,490 in restricted accounts)	\$ 219,223

See accompanying notes to financial statements.

(continued)

WATERWORKS DISTRICT NO. 1 OF
CADDO PARISH, LOUISIANA

Notes to Financial Statements
July 31, 1996

1. Summary of Significant Accounting Policies:

The Waterworks District No. 1 of Caddo Parish, Louisiana was established by the Caddo Parish Police Jury in 1946. This entity is exempt from federal and state income taxes. The accounting policies of the Waterworks District No. 1 of Caddo Parish, Louisiana, conform to generally accepted accounting principles as applied to government units. The more significant accounting policies are described below.

A. Fund accountings

The district uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Waterworks District No. 1 of Caddo Parish, Louisiana is accounted for using a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where (a) the intent is that costs, including depreciation, of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, and (b) the determination of net income is necessary or useful to sound financial administration.

B. Basis of accountings

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Budgets:

Budgets are included in these financial statements for informational purposes as a management tool and are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

(continued)

LARRY G. TAYLOR
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION
SUITE 1000, 1000 PINE ST.
MONROE, LOUISIANA, 70001
225-335-1000

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Waterworks District No. 1 of
Caddo Parish, Louisiana
Oil City, Louisiana

I have audited the accompanying general purpose financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana, as of July 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the management of Waterworks District No. 1 of Caddo Parish, Louisiana. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waterworks District No. 1 of Caddo Parish, Louisiana, as of July 31, 1996, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I also issued a report dated September 12, 1996, on my consideration of the Waterworks District No. 1 of Caddo Parish, Louisiana's internal control structure and a report dated September 12, 1996, on its compliance with laws and regulations.

WATERWORKS DISTRICT NO. 1 OF
CALDO PARISH, LOUISIANA

Notes to Financial Statements
July 31, 1996

D. Bad debts:

Uncollectible amounts due from customers' receivables are charged against earnings at the time information becomes available which indicates the particular account is uncollectible. Although this method does not conform to generally accepted accounting principles, the amounts charged do not materially differ from those determined under generally accepted accounting principles.

E. Compensated absences:

Vacation policy of two weeks per year does not accrue and is not paid for if not taken. Therefore, no liability for compensated absences exists.

F. Restricted assets:

On October 1, 1990, the outstanding revenue bonds were paid through refinancing \$100,000 at Premier Bank. Under the terms of the loan agreement certain amounts are to be set aside into a special fund. The Sinking Fund is required by the Premier Bank loan agreement. However, the Reserve Fund and the Depreciation and Contingency Fund are not required by Premier Bank but are established as additional reserves.

1. Sinking Fund - A monthly amount as set forth in the note indenture will be deposited into this account to pay the principal and interest on the bonds as they become due and payable. The monthly payments calculated to be necessary for this purpose are \$3,328.33.
2. Reserve Fund - This fund is a reserve to insure the payment of the principal and interest on the note and can only be used to pay such principal and interest when there is not sufficient money for this purpose in the Sinking Fund. The balance in this fund at July 31, 1996 is \$6,444.00.
3. Depreciation and Contingency Fund - This fund is established to pay for unusual or extraordinary repairs to the water system. An amount equal to \$1,500.00 is deposited monthly to this account. The balance in this fund at July 31, 1996 is \$60,000.30.

(continued)

WATERWORKS DISTRICT NO. 1 OF
CALDO PARISH, LOUISIANA

Notes to Financial Statements

As of and for the year ended July 31, 1998

1. Sinking Fund - A monthly amount as set forth in the note indenture will be deposited into this account to pay the principal and interest on the bonds as they become due and payable. The monthly payments calculated to be necessary for this purpose are \$3,120.11.
2. Reserve Fund - This fund is a reserve to insure the payment of the principal and interest on the note and can only be used to pay such principal and interest when there is not sufficient money for this purpose in the Sinking Fund. The balance in this fund at July 31, 1998 is \$8,646.55.
3. Depreciation and Contingency Fund - This fund is established to pay for normal or extraordinary repairs to the water system. An amount equal to \$1,500.00 is deposited monthly to this account. The balance in this fund at July 31, 1998 is \$98,800.28.

I. Fixed assets:

Fixed assets are stated at cost, and depreciation is provided in an amount sufficient to relate that cost to operations over the estimated service life.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related fixed assets, as applicable.

2. Cash:

Cash consists of amounts in demand deposits and interest-bearing checking accounts. All of this amount is secured by federal depository insurance.

3. Investments:

Investments consist of certificates of deposits in various banks and are stated at cost, all of which are secured by federal depository insurance.

WATKINSON DISTRICT NO. 1 OF
 CREOLE SPRING, LOUISIANA

Notes to Financial Statements
 July 31, 1986

5. Fixed Assets:

The following is a summary of changes in fixed assets during the fiscal year:

	Balance July 31, 1985	Add	Delete	Balance July 31, 1986
Land	\$ 5,000	\$	\$	\$ 5,000
Buildings 10-25 yr	618,880			618,880
Equipment 3-25 yrs	488,847	16,102	10,928	493,847
Totals	\$1,272,153	\$ 16,102	\$ 10,928	\$ 1,282,333

Fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended July 31, 1986 was \$67,796.

6. Long-Term Debt:

Notes payable at July 31, 1986 is comprised of the following:

\$108,000 note payable to Premier Bank dated October 1, 1983, due in three annual installments beginning October 1, 1984 with interest paid semiannually at the rate of 8.5%. The note balance at July 31, 1986 is \$ 38,000 and is payable in one installment.

During the fiscal year, interest of \$3,346 was charged on debt. The annual principal requirements for the next year is as follows:

October 1, 1986	<u>38,000</u>
Total	\$ 38,000

WATSONS DISTRICT NO. 1 OF
CADD PARISH, LOUISIANA

Exhibit A

Statement of Revenues, Expenses and Changes in
Retained Earnings - Budget and Actual
Year Ended July 31, 1998
With Comparative Amounts as of July 31, 1997

	1998		Variance- Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Operating Revenues:				
Water sales	\$ 288,328	\$ 288,612	\$ 7,274	\$ 288,447
Sewer collections	5,400	5,400	0	5,400
Connection fees	0	1,929	1,929	2,510
Service charges	14,943	13,358	(1,585)	14,770
Fire hydrant rental	1,200	1,200	0	1,200
Miscellaneous income	0	200	200	100
Fines	273	292	19	233
Forfeited water deposits	0	0	0	0
Penalties	7,950	7,844	(106)	7,849
Bad debt recovery	0	109	109	22
Total operating revenues	\$ 328,324	\$ 325,344	\$ (2,980)	\$ 324,828
Operating Expenses:				
Lab fees	\$ 158	\$ 183	\$ (25)	\$ 140
Bad debts	0	43	(43)	462
Certification	488	543	(55)	433
Chemicals	20,088	27,383	(7,383)	21,867
Commissioners expense	4,028	4,413	(385)	4,360
Depreciation	83,000	67,784	(15,216)	86,825
Distribution system	4,268	8,864	(4,596)	4,854
Equipment repair	1,000	948	52	1,950
Gas, oil & diesel	3,861	2,511	1,350	2,529
Insurance	13,600	13,341	259	13,286
Legal and accounting	1,000	2,150	(1,150)	2,750
Miscellaneous	1,000	382	617	324
Office	2,858	3,398	(540)	3,562
Payroll taxes	5,854	5,897	(43)	6,480
Piant maintenance	4,324	19,466	(15,142)	6,788
Tools and supplies	2,888	2,215	673	2,369
Trash and backhoe	3,298	4,796	(1,498)	3,655
Utilities	12,611	12,118	493	12,202
Wages	78,528	77,678	(850)	75,159
Consulting fees	0	0	0	100
Sludge	10,000	11,293	(1,293)	60
Permits	258	228	30	0
Total operating expenses	\$ 328,481	\$ 328,386	\$ (105)	\$ 321,882
Net income from operations	\$ 0	\$ (3,042)	\$ 2,842	\$ 23,946

(continued)

WATKINSON DISTRICT NO. 1 OF
 CALICO PARISH, LOUISIANA

Exhibit B

Schedule of Tax Due of Commissioners
 Year Ended July 31, 1986

<u>Name</u>	<u>No. of days</u>	<u>Amount</u>
Clara Morris	11	660
Charles E. Rothburn	11	660
Fridilla Weaver	10	600
J. H. Tolbert	11	660
Barcell H. Dickey	11	660
Willie D. Jackson	3	198
Jeff Allborty	12	600
Virginia Sims	12	600
Charles N. Bensley	8	300
		<u>4,410</u>

Statement of Revenues, Expenses and Changes in Retained Earnings
 For the year ended July 31, 1998

	<u>1998</u>
Nonoperating Revenues (Expenses):	
Ad valorem taxes	\$ 12,283
Grant Funds	0
Revenue sharing	885
Interest income	5,988
Gain on sale of equipment	9,150
Interest expense	<u>(12,838)</u>
Total nonoperating revenues (expenses)	<u>24,468</u>
Net income (loss)	\$ <u>10,245</u>
Retained earnings at beginning of year	<u>522,151</u>
Retained earnings at end of year	<u>\$ 532,405</u>

See accompanying notes to financial statements.

WATERBORE DISTRICT NO. 1 OF
CALDO PARISH, LOUISIANA

Financial Statements
Year Ended July 31, 1996

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ADDITIONAL INFORMATION

LIABILITIES AND EQUITY

	<u>1996</u>
Liabilities:	
Current liabilities (payable from current assets):	
Accounts payable	\$ 14,379
Accrued interest payable	697
Taxes payable	<u>678</u>
Total current liabilities (payable from current assets)	<u>15,754</u>
Current liabilities (payable from restricted assets):	
Current portion of notes payable	38,800
Customer deposits	<u>40,355</u>
Total current liabilities (payable from restricted assets)	<u>79,155</u>
Long-term liabilities (net of current portion):	
Notes payable	<u>8</u>
Total liabilities	<u>94,917</u>
Equity:	
Retained Earnings:	
Reserve for revenue bond retirement	7,127
Reserve for depreciation and contingencies	88,800
Unreserved	<u>487,471</u>
Total equity	<u>573,408</u>
Total liabilities and equity	\$ <u>668,325</u>

See accompanying notes to financial statements.

LARRY G. TAYLOR

CERTIFIED PUBLIC ACCOUNTANT

A PROFESSIONAL ACCOUNTING CORPORATION

POST OFFICE BOX 100

MONROE, LOUISIANA 70001

518/384-6400

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Waterworks District No. 1 of
Caddo Parish, Louisiana
Oil City, Louisiana

I have audited the general purpose financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana, as of and for the year ended July 31, 1996, and have issued my report thereon dated September 12, 1996.

I have conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Waterworks District No. 1 of Caddo Parish, Louisiana, is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Monroe, Louisiana
September 12, 1996

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WATERWORKS DISTRICT NO. 1 OF
CALICO PARISH, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING
JULY 31, 1956

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

NOV 13 1956

Release Date _____

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed as Exhibits A and B in the table of contents is presented for purposes of additional information and is not a required part of the financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial statements for that year in which I expressed an unqualified opinion on the general purpose financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana.



Certified Public Accountant

Ringgold, Louisiana
September 12, 1998

LARRY G. TAYLOR
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION
INCORPORATED IN THE
STATE OF LOUISIANA 1986

NO. 104-1996

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Waterworks District No. 1 of
Caddo Parish, Louisiana
Oil City, Louisiana

I have audited the general purpose financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana, as of and for the year ended July 31, 1996, and have issued my report thereon dated September 12, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Waterworks District No. 1 of Caddo Parish, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Waterworks District No. 1 of Caddo Parish, Louisiana, for the year ended July 31, 1996, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general

WATERWORKS DISTRICT NO. 1 OF
CAJODO PARISH, LOUISIANA

Exhibit 2

Statement of Revenues, Expenses and Changes in Retained Earnings
For the year ended ended July 31, 1998

	<u>1998</u>
Operating Revenues:	
Water sales	\$ 219,812
Sewer collection fees	5,400
Connection fees	1,909
Service charges	13,358
Fire hydrant rental	1,200
Miscellaneous	200
Fines	392
Forfeited meter deposits	0
Penalties	1,044
Bad debt recovery	102
	<u>\$ 245,144</u>
Total operating revenues	
Operating Expenses:	
Lab fees	\$ 195
Bad debts	83
Certification	582
Chemicals	27,383
Commissioners expense	4,428
Depreciation	67,796
Distribution system	8,854
Equipment repair	948
Gas, oil, diesel	2,511
Insurance	13,241
Legal and accounting	2,750
Miscellaneous	383
Office	3,288
Payroll taxes	5,897
Plant Maintenance	13,488
Tools and supplies	2,215
Truck and bus/other	4,796
Utilities	12,518
Consulting Fees	0
Sledge removal	11,293
Wages	72,878
Permits	228
	<u>\$ 298,556</u>
Total operating expenses	
Net income from operations	\$(14,411)

See accompanying notes to financial statements.

(continued)

purpose financial statements and not to provide assurance on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management and the legislative auditor. However, this report is a matter of public record and its distribution is not limited.



Ray S. Lytle
Certified Public Accountant

Shreveport, Louisiana
September 12, 1976